

DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON 25, D.C.



REPLY TO  
ATTN OF:

SUBJECT:

TO:

OSA-1854-63  
#1122

REPLY TO:  
Auditor General  
Comptroller, USAF  
Eastern District  
Liaison Officer  
P. O. Box 8155  
S. W. Station  
Washington, D. C.

31 May 1963

SUBJECT : Report on Evaluation of Estimated Cost Proposal  
Hycon Manufacturing Company  
Monrovia, California

TO : Contracting Officer

REFERENCE : Proposal LN-1632, dated 2 April 1963, for three 73B, units.

1. This report is for record purposes to confirm that the Auditor visited the subject contractor's plant in advance of the negotiation meeting and reviewed the various estimated cost elements proposed by the Contractor totalling \$267,973.90. The proposal contemplated a straight fixed price contract with a profit of  25X1

2. In order that the negotiation meeting might be scheduled promptly, an audit report in draft form was furnished to the Contracting Officer which contained comments on all the elements contained in the cost proposal.

3. The negotiation conference was held on 21 May 1963 with results, in summary, as follows:

|                         | <u>Proposed By<br/>Contractor</u> | <u>Negotiated</u> |
|-------------------------|-----------------------------------|-------------------|
| Cost of three 73B units | \$243,522.88                      | \$230,000.00      |
| Cost of spares          | 24,451.02                         | 23,636.36         |
|                         | <u>267,973.90</u>                 | <u>253,636.36</u> |
| Profit                  |                                   |                   |

25X1

The above negotiated amount consists of \$253,000 for the three 73B units

and \$26,000. for the spares. It was agreed that the spares would be purchased on a straight fixed price basis, whereas the three 73B units would be covered by a fixed price incentive contract as follows:

25X1

25X1

Audit Liaison Officer  
Eastern District  
Auditor General